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PASS USTR FOR ALLGEIER AND DWOSKIN
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SUBJECT: Minsk Obstinate on WTO

Refs: (A) Minsk 1159, (B) Geneva 2599

¶1. At a November 11 press conference, Belarus' MFA lashed out at the European Union, United States and Australia for "politicizing" Belarus' WTO membership. Deputy Foreign Minister Mikhnevich, who led the Belarusian delegation at the October 24 informal consultations in Geneva (ref B), told the press the GOB had provided clear and comprehensive answers to all the questions it had been given. However, he claimed the U.S. and EU were purposefully "stonewalling" Belarus' WTO negotiations for political reasons. He offered to provide more information on any topic, including the Golden Share and customs confiscations, but he "does not have confidence that tomorrow the EU and U.S. would not present new questions." Expressing surprise that those countries most against Belarus joining the WTO, namely the U.S. and Australia, have little trade with Belarus, Mikhnevich complained, "Why should four or five countries in a 148-country organization decide who should be a WTO member?" [Note: Post understands from ref B that Australia was not even present at the October 24 meeting.]

Looking for Compliant Friends

¶2. Despite these obstacles, Mikhnevich claimed Minsk is determined to "fast-track" Belarusian membership. To do so Belarus will send representatives to the December WTO Ministerial in Hong Kong to sign bilateral agreements with friendly states. Mikhnevich also explained Belarus would accelerate negotiations with "safe" countries, those who have high levels of trade with Belarus or who are unlikely to block Belarus' WTO membership. He specifically named Armenia, Brazil, India, China, Cuba, Japan, Kyrgystan, Taiwan, and Turkey as such countries. MFA Deputy Director of the Directorate of Foreign Trade Anton Kudasov explained, "We will aim to sign as many agreements as possible to prove that the minority [U.S., EU] opinion is false." Mikhnevich also announced that Belarus and Russia were working on an agreement that WTO accession of one state would not make it harder for the other to join.

What, We have to Change our Legislation to Join?

¶3. At the same press conference Mikhnevich and Kudasov maintained Minsk would not allow foreign banks to open branches in Belarus, even though this is a WTO requirement. As Kudasov explained, "Belarusian legislation does not treat bank subsidiaries as

independent legal entities capable of bearing liabilities. They are viewed as part of the parent bank. To make the national legislation uniform with that of other WTO member states, we would have to amend the national Civil Code."

¶4. Comment: Lukashenko likely ordered his government to gain WTO membership for Belarus, while at the same time not letting them make any of the reforms needed for membership. Kudasov's explanation that Minsk is unwilling to amend its legislation to meet WTO requirements speaks volumes about Belarus' true willingness to do what must be done to join the WTO. Rather than making any changes that would improve their economy, Minsk is busy trying to sign agreements with states unlikely to raise much fuss about the Belarusian economy, with the goal of outvoting the EU and U.S. in the WTO (which also demonstrates their lack of understanding in how the WTO works). The domestic angle also cannot be discounted, that Lukashenko wants WTO membership simply to show his is a "normal" government. In this light the GOB and its state controlled press can be expected to keep casting the U.S. and EU as the villains blocking Minsk's WTO aspirations.

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